

# CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

**T**he California Environmental Protection Agency coordinates and supervises the State's environmental protection programs, with particular focus on restoring, protecting, and enhancing the State's environment.

The Secretary for Environmental Protection oversees the Air Resources Board, the Integrated Waste Management Board, the Department of Pesticide Regulation, the State Water Resources Control Board (which includes the nine Regional Water Quality Control Boards), the Department of Toxic Substances Control, and the Office of Environmental Health Hazard Assessment.

Continuing California's long tradition of worldwide environmental leadership, the 2004-05 Governor's Budget includes \$1 billion (\$69.8 million General Fund) and 4,275 personnel years. This includes ongoing support of efforts to address environmental health risks to children and other sensitive populations, transboundary and coastal pollution, ecological and human health risks from fuels and toxic substances, and water quality improvement.

Significant new activities in the Budget include \$52.3 million from the Electronic Waste Recovery and Recycling Account for the Integrated Waste Management

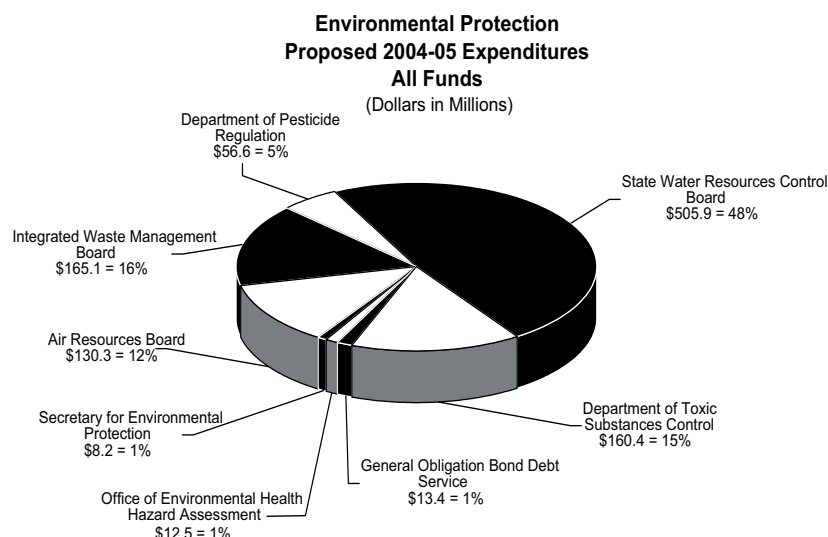
Board to take the lead in implementing the Electronic Waste Recycling Program established by Chapter 526, Statutes of 2003, to reduce and reuse the State's huge stockpile of electronic devices such as computer monitors and televisions.

## Air Resources Board

### Functions of the Air Resources Board

The Air Resources Board (Board) is responsible for protecting and improving California's air quality. The Board adopts and enforces regulations for motor vehicles, fuels, and consumer products, and oversees the activities of 35 local air pollution control and air quality

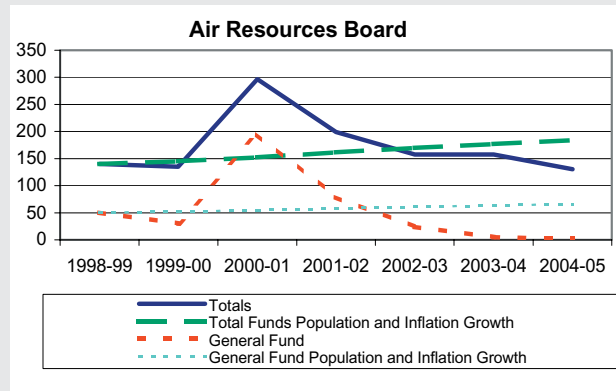
FIGURE ECON-1





## Key Audit Findings— Air Resources Board

- Use of General Fund peaked in 2000-01 with one-time augmentations of \$45 million for the Carl Moyer Diesel Grant Program, and \$50 million for school bus replacements.
- \$50 million (one-time) in Proposition 40 Bond funds were scheduled over 2002-03 and 2003-04 for projects that reduce air pollution affecting state and local park and recreation areas.
- Funding for the Stationary Source Program shifted \$14.4 million from General Fund to regulatory fees (in the Air Pollution Control Fund) in 2003-04 to reduce dependence on the General Fund.



management districts (local districts). These local districts have primary responsibility for regulating emissions from stationary sources.

### Program Enhancements and Other Budget Adjustments

The Governor's Budget totals \$130.3 million (\$2.2 million General Fund) and 915.8 personnel years. This is a decrease of more than \$35 million from the 2003 Budget Act, due to the expiration of \$29.6 million one-time funding for the Zero Emission Vehicle Grant Program and Carl Moyer Diesel Grant Program, and an ongoing reduction of \$7.6 million and 86.7 personnel years pursuant to Section 4.10 of the 2003 Budget Act.

The Governor's Budget includes \$3 million to continue equipment upgrades for the measurement and monitoring of small particulate matter (PM 2.5). The Board also plans to expend \$1.5 million (funded by fees on the manufacture and use of perchloroethylene) for the new Non Toxic Dry Cleaning Incentive

Grant Program established by Chapter 821, Statutes of 2003, to aid dry cleaners in transition to nontoxic and non-smog-producing technologies.

## Water Resources Control Board

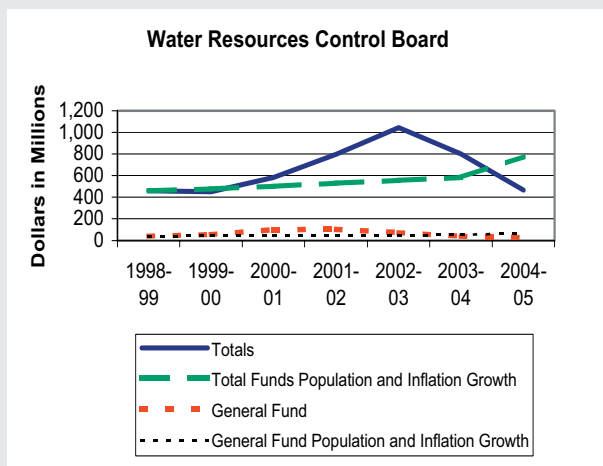
### Functions of the Water Resources Control Board

The State Water Resources Control Board and the nine Regional Water Quality Control Boards are responsible for the preservation, enhancement, and restoration of the quality of California's water resources. State activities include regulatory oversight of surface, ground, and coastal waters; allocation of unappropriated water; control of unauthorized water diversions; and protection of water quality in watersheds and coastal waters from point and nonpoint sources of pollution. The Budget includes \$505.1 million (\$27.6 million

## Key Audit Findings— Water Resources Control Board

■ Between 1998-99 and 2003-04, the Water Board's budget grew by \$342 million (74.5 percent). However, at the same time, the Water Board's General Fund appropriations dropped by \$1 million (0.2 percent).

■ Since 2000, the voters have approved three bond acts which have provided the Water Board with \$1.397 billion in new bond resources. Most Water Board expenditure growth is due to this new source of funding.



General Fund) and 1,475.5 personnel years for support of these ongoing programs.

## Program Enhancements and Other Budget Adjustments

The 2004-05 Governor's Budget is \$668 million lower than the current year budget, largely due to plans to allocate bond funding during the spring budget process. Delaying this action until spring will allow additional time to identify options for restructuring and achieving greater efficiencies in departmental operations.

In light of the current condition of the General Fund, the Budget reflects a reduction of approximately \$10 million General Fund for various water quality programs such as: implementation of statewide septic tank standards, investigation of contaminated wells, technical support for the investigation of emerging pollutants, water quality management, water quality control planning, and Chromium 6 investigations. Of the \$10 million in General Fund reductions, about

\$5.1 million will be shifted to fees and special funds, for the following activities: information technology, administration, quality assurance, and water quality trend monitoring. These fund shifts will not require any increase in fees.

## Toxic Substance Control

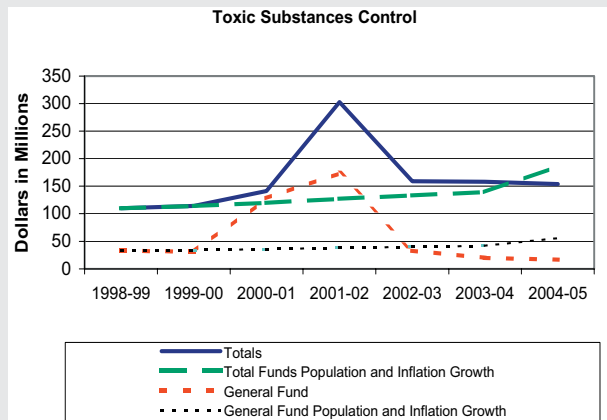
### Functions of Toxic Substance Control

The Department of Toxic Substances Control (Toxics) is responsible for the prevention and remediation of environmental damage caused by hazardous wastes. Toxics regulates hazardous waste transportation, treatment, storage, and disposal in California; oversees cleanup of contaminated sites; and promotes pollution prevention. Specific programs include site mitigation, hazardous waste management, pollution prevention, waste minimization, and technology development.



## Key Audit Findings— Toxic Substance Control

- Between 1998-99 and 2003-04, Toxics' total budget grew by \$48 million (43.6 percent). However, its General Fund budget declined by \$13 million (39.4 percent). Thus, Toxics has not been a source of General Fund growth.
- Toxics incurred a one-time spike in General Fund expenditures in 2001-02, when the State settled litigation with the U.S. Environmental Protection Agency over two Superfund sites at a cost of \$114 million.
- Toxics' remaining General Fund is dedicated to sensitive activities: the cleanup of clandestine drug labs and illegal off-highway dumping, and court-mandated remediation activities at the Stringfellow toxic dump site.



## Program Enhancements and Other Budget Adjustments

The Budget totals \$160.4 million (\$17.2 million General Fund) and 966.3 personnel years.

The Budget proposes a reduction of \$3 million General Fund, by distributing administrative costs to Toxics' special fund resources, and to the staffing reductions required pursuant to Section 4.10 of the Budget Act of 2003. A total of 52 positions were eliminated by Section 4.10.

The following new activities will be performed:

- \$226,000 in special funds will be used to implement a Mobile Hazardous Materials Laboratory. This new mobile laboratory will provide Toxics with the ability to respond quickly and effectively to a wide variety of emergencies around the state.
- \$557,000 from the new Electronic Waste Recovery and Recycling Account will be used to support Toxics' responsibilities with respect to implementation of the Electronic Waste Recovery and Recycling Act. This new fee-supported program will provide for the collection of cathode ray tubes in televisions and computer monitors, thereby preventing the release of the toxic materials contained in these devices, and promoting their recycling.